

# LUNDQUIST

## APPRAISAL COMPANY

October 2014

Dear Sellers in the Sacramento Area,

I wanted to reach out and pitch some thoughts your way about listing your property in a real estate market that is cooling off. Maybe your agent handed you this letterhead, or maybe you found it online. I'm not trying to tell you what to do by any means, but I do think sellers who are in tune with the following points are going to have a big advantage. I hope this helps.

1. **Be aware of change:** Real estate markets are constantly changing. There are times when values increase and other times when they are flat or decline. This means it's important to price according to how the market is behaving. Values increased very rapidly in recent years, but we're not in that sort of market any longer. Many sellers are trying to "test the market" at unrealistically high levels, which is why there have literally been about 400 price reductions EVERY single day in MLS.
2. **Know your competition:** I recommend you price according to the most recent similar listings that are actually getting into contract instead of the highest sales from several months back. Remember that well-priced listings tell us about the current market, whereas sales are more like pieces of history because they represent what the market used to be like in the past when these properties got into contract many months ago. The bottom line is if you want to sell, you need to be priced in the sweet spot where buyers are currently willing to pay. You can find that sweet spot by looking at sales, but don't forget to give strong weight to similar actives and pendings.
3. **Be prepared for credits:** It's becoming normal for buyers to ask sellers for credits for repairs or even credits to assist with closing costs. This doesn't happen in every price range, but it becoming increasingly more common as the market softens.
4. **Listen to your agent:** If your real estate agent keeps telling you the property is overpriced, is there a good reason why you are not listening? If your property is not generating interest or offers, something is wrong. What is it?
5. **Overpayment expectation:** Don't count on pricing your property really high in hopes of attracting that one magical cash buyer willing to pay extraordinarily more than anyone else. We are no longer in a market where buyers have to overpay since housing inventory has been increasing for months. If you lined up 100 buyers, how much would most of them pay? That's a good gauge for what market value looks like.

I hope this was helpful. I'm around in case you have further questions. If you want to see some recent market trend graphs, send me an email.

Sincerely,

Ryan Lundquist  
CA Certified Real Estate Appraiser  
TEL 916-595-3735  
lundquistcompany@gmail.com  
www.SacramentoAppraisalBlog.com